

HOSPITAL AUTHORITY OF MILLER COUNTY



FINANCIAL STATEMENTS

for the years ended June 30, 2023 and 2022



Let's Think Together.®

## CONTENTS

---

	<u>Pages</u>
Independent Auditor's Report	1-3
Financial Statements:	
Balance Sheets	4-5
Statements of Revenues, Expenses, and Changes in Net Position	6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Hospital Authority of Miller County  
Colquitt, Georgia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Hospital Authority of Miller County (Authority), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Continued

Let's Think Together.®

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on these financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Continued

## **Other Matter**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Draffin & Tucker, LLP*

Atlanta, Georgia  
October 31, 2023

HOSPITAL AUTHORITY OF MILLER COUNTY

Balance Sheets  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 14,401,000	\$ 24,847,000
Short-term investments	137,000	136,000
Patient accounts receivable, net of estimated uncollectibles of \$882,000 in 2023 and \$1,105,000 in 2022	7,376,000	7,844,000
Estimated third-party payor settlements	7,528,000	2,758,000
Grant receivable	1,045,000	189,000
Health insurance reinsurance receivable	106,000	206,000
Supplies, at lower of cost (first-in, first-out) or market	1,859,000	1,724,000
Prepaid expenses	<u>204,000</u>	<u>222,000</u>
Total current assets	<u>32,656,000</u>	<u>37,926,000</u>
Noncurrent cash and investments:		
Restricted for loan reserve	<u>422,000</u>	<u>421,000</u>
Capital assets:		
Land	1,475,000	1,445,000
Construction-in-progress	11,905,000	2,899,000
Depreciable capital assets, net of accumulated depreciation	<u>36,555,000</u>	<u>34,143,000</u>
Total capital assets, net of accumulated depreciation	<u>49,935,000</u>	<u>38,487,000</u>
Total assets	<u>\$ 83,013,000</u>	<u>\$ 76,834,000</u>

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Balance Sheets, Continued  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Position:</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 510,000	\$ 528,000
Accounts payable	2,415,000	3,750,000
Accrued expenses	<u>3,509,000</u>	<u>3,045,000</u>
Total current liabilities	6,434,000	7,323,000
Long-term liabilities:		
Long-term debt, net of current maturities	<u>6,322,000</u>	<u>6,787,000</u>
Total liabilities	<u>12,756,000</u>	<u>14,110,000</u>
Net position:		
Net investment in capital assets	43,103,000	31,172,000
Restricted for loan reserve	422,000	421,000
Unrestricted	<u>26,732,000</u>	<u>31,131,000</u>
Total net position	<u>70,257,000</u>	<u>62,724,000</u>
Total liabilities and net position	\$ <u>83,013,000</u>	\$ <u>76,834,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF MILLER COUNTY

Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating revenues:</b>		
Net patient service revenue (net of provision for bad debts of \$3,155,000 in 2023 and \$2,842,000 in 2022)	\$ 81,633,000	\$ 72,206,000
Retail pharmacy revenue	6,303,000	4,354,000
Management fee revenue	204,000	535,000
Other revenue	<u>39,000</u>	<u>39,000</u>
Total operating revenues	<u>88,179,000</u>	<u>77,134,000</u>
<b>Operating expenses:</b>		
Salaries and wages	40,088,000	36,105,000
Employee benefits	9,883,000	8,344,000
Purchased services and professional fees	9,651,000	9,440,000
Supplies and drugs	11,820,000	10,183,000
Depreciation and amortization	3,334,000	2,846,000
Other	<u>7,530,000</u>	<u>7,312,000</u>
Total operating expenses	<u>82,306,000</u>	<u>74,230,000</u>
Operating income	<u>5,873,000</u>	<u>2,904,000</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	50,000	51,000
Interest expense	( 229,000)	( 250,000)
Rural hospital tax credit contributions	291,000	277,000
Rural hospital stabilization grants	-	1,681,000
Noncapital grants and contributions	73,000	125,000
CARES and ARP Act funding	<u>330,000</u>	<u>1,530,000</u>
Total nonoperating revenues	<u>515,000</u>	<u>3,414,000</u>
Excess of revenues over expenses	6,388,000	6,318,000
<b>Capital grants and contributions:</b>		
ARP Act SFRF funding	1,045,000	-
Property donated by The City of Colquitt Downtown Development Authority	-	573,000
Contributions from The Center for Rural Prosperity and Innovation	<u>100,000</u>	<u>250,000</u>
Change in net position	7,533,000	7,141,000
Net position, beginning of year	<u>62,724,000</u>	<u>55,583,000</u>
Net position, end of year	\$ <u>70,257,000</u>	\$ <u>62,724,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF MILLER COUNTY

Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Receipts from and on behalf of patients	\$ 77,331,000	\$ 83,578,000
Payments to employees	(49,407,000)	(44,063,000)
Payments to suppliers and contractors	(30,040,000)	(25,105,000)
Retail pharmacy receipts	6,303,000	4,354,000
Management fee receipts	204,000	535,000
Other receipts	<u>39,000</u>	<u>39,000</u>
Net cash provided by operating activities	<u>4,430,000</u>	<u>19,338,000</u>
<b>Cash flows from noncapital financing activities:</b>		
Rural hospital tax credit contributions	291,000	277,000
Rural hospital stabilization grant	189,000	1,492,000
Noncapital grants and contributions	73,000	125,000
CARES and ARP Act funding	<u>330,000</u>	<u>1,876,000</u>
Net cash provided by noncapital financing activities	<u>883,000</u>	<u>3,770,000</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on long-term debt	( 483,000)	( 478,000)
Interest paid on long-term debt	( 229,000)	( 250,000)
Purchase of capital assets	(15,195,000)	( 6,168,000)
Capital contribution from The Center for Rural Prosperity and Innovation for capital improvements	<u>100,000</u>	<u>250,000</u>
Net cash used by capital and related financing activities	<u>(15,807,000)</u>	<u>( 6,646,000)</u>
<b>Cash flows from investing activities:</b>		
Interest income	50,000	51,000
Purchase of short-term investments	<u>( 1,000)</u>	<u>( 1,000)</u>
Net cash provided by investing activities	<u>49,000</u>	<u>50,000</u>
Net increase (decrease) in cash and cash equivalents	(10,445,000)	16,512,000
Cash and cash equivalents, beginning of year	<u>25,268,000</u>	<u>8,756,000</u>
Cash and cash equivalents, end of year	<u>\$ 14,823,000</u>	<u>\$ 25,268,000</u>

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Statements of Cash Flows, Continued  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of cash and cash equivalents to the balance sheets:</b>		
Cash and cash equivalents - current	\$ 14,401,000	\$ 24,847,000
Cash and cash equivalents - noncurrent	<u>422,000</u>	<u>421,000</u>
Total cash and cash equivalents	\$ <u>14,823,000</u>	\$ <u>25,268,000</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 5,873,000	\$ 2,904,000
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,334,000	2,846,000
Provision for bad debts	3,155,000	2,842,000
Changes in:		
Patient accounts receivable	( 2,687,000)	( 4,116,000)
Estimated third-party payor settlements	( 4,770,000)	12,646,000
Health insurance reinsurance receivable	100,000	280,000
Supplies	( 135,000)	( 67,000)
Prepaid expenses	18,000	( 22,000)
Accounts payable	( 922,000)	1,919,000
Accrued expenses	<u>464,000</u>	<u>106,000</u>
Net cash provided by operating activities	\$ <u>4,430,000</u>	\$ <u>19,338,000</u>
<b>Noncash capital and related financing activities:</b>		
Capital assets acquired through accounts payable	\$ <u>324,000</u>	\$ <u>737,000</u>
Capital assets acquired through donation	\$ <u>-</u>	\$ <u>573,000</u>
Capital assets acquired through leases	\$ <u>-</u>	\$ <u>9,000</u>

See accompanying notes to financial statements.

# HOSPITAL AUTHORITY OF MILLER COUNTY

## Notes To Financial Statements June 30, 2023 and 2022

---

### 1. Description of Reporting Entity and Summary of Significant Accounting Policies

*Reporting entity.* The Hospital Authority of Miller County (Authority) is a public body corporate and politic organized under the Hospital Authorities Law of the State of Georgia. The Authority was created by the Board of County Commissioners of Miller County, Georgia (County) to operate, control, and manage all matters concerning the County's health care functions. The Board of County Commissioners nominates the Board of Trustee members of the Authority.

The Authority operates Miller County Hospital, a twenty-five (25) bed acute care facility, Miller Nursing Home, a one-hundred fifty-seven (157) bed long-term care facility, Calhoun Nursing Home, a sixty (60) bed long-term care facility, Miller County Medical Center, a rural health clinic, R. E. Jennings Medical Clinic, a rural health clinic, Miller Home Health, a home health agency, Miller Home Infusion Pharmacy, a home infusion pharmacy, and Miller Pharmacy, a retail pharmacy.

The accompanying financial statements include all of the aforementioned facilities.

*Use of estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the determination of the allowances for uncollectible accounts and contractual adjustments, estimated third-party payor settlements, and reserves for employee health claims. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term.

*Enterprise fund accounting.* The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Authority prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

*Cash and cash equivalents.* Cash and cash equivalents include certain investments in highly liquid debt instruments with an original maturity of three months or less.

*Short-term investments.* Short-term investments consist of certificates of deposit with maturities of 12 months. The certificates of deposit are recorded at cost plus accrued interest.

*Allowance for doubtful accounts.* The Authority provides an allowance for doubtful accounts based on the evaluation of the overall collectibility of accounts receivable. As accounts are known to be uncollectible, the accounts are charged against the allowance.

*Noncurrent cash and investments.* Noncurrent cash consists of assets held in a reserve fund as required by the USDA loan agreement.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

---

**1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued**

*Capital assets.* The Authority's capital assets are reported at historical cost. Contributed capital assets are reported at their acquisition value at the time of their donation. All capital assets other than land are depreciated or amortized (in the case of leased assets) using the straight-line method of depreciation using these asset lives:

Land improvements	15 to 20 Years
Buildings and building improvements	20 to 40 Years
Equipment, computers and furniture	3 to 15 Years
Right-to-use lease assets	3 to 10 Years

The Authority evaluates capital assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying value. The Authority has not recorded any impairment charges during 2023 or 2022.

*Leases.* The Authority is a lessee for noncancellable leased equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the implicit interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or cannot be imputed, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the balance sheets.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

---

**1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued**

*Costs of borrowing.* Interest cost incurred on borrowed funds during the period of construction of capital assets is expensed.

Costs incurred in connection with the issuance of loans are expensed.

*Unearned revenue.* Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. CARES and ARP Act advance payments are reported as unearned revenue until all applicable eligibility requirements are met. See Note 15 for additional information.

*Net position.* Net position is classified into components. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. The *restricted* component of net position consists of restricted assets reduced by liabilities related to those assets. The *unrestricted* component of net position is the amount of assets and liabilities that is not included in the determination of *net investment in capital assets* or the *restricted* component of net position.

*Compensated absences.* The Authority's employees earn paid time off at varying rates depending on years of service. Employees may accumulate paid time off up to a specified maximum. Employees who have completed six months employment and who leave in good standing are entitled to payment of accumulated paid time off upon their resignation. The accumulated paid time off is reported as a current liability in 2023 and 2022.

*Operating revenues and expenses.* The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Authority's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

*Net patient service revenue.* The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

---

**1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued**

*Charity care.* The Authority provides care to patients who meet certain criteria under its financial assistance plan without charge or at amounts less than its established rates. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

*Grants and contributions.* From time to time, the Authority receives grants from Miller County, the State of Georgia, the federal government, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. See Note 15 for additional information related to CARES and ARP Act funding.

*Restricted resources.* When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

*Risk management.* The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Authority is self-insured for employee health insurance as discussed in Note 10.

*Income taxes.* The Authority is a governmental entity and has been recognized as tax-exempt under the Internal Revenue Code. Accordingly, no provision for income taxes has been considered in the accompanying financial statements.

Continued

# HOSPITAL AUTHORITY OF MILLER COUNTY

## Notes To Financial Statements, Continued June 30, 2023 and 2022

---

### 2. Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. The Authority does not believe that there are any significant credit risks associated with receivables due from third-party payors. A summary of the payment arrangements with major third-party payors follows:

- *Medicare.* The Authority is designated as a Critical Access Hospital (CAH) by the Medicare program. The CAH designation places certain restrictions on daily inpatient census and an annual, average length of stay of inpatients. Inpatient and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Authority is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare Administrative Contractor (MAC). Long-term care services rendered to Medicare program beneficiaries are paid at a prospectively determined per diem rate. The per diem rate varies according to a patient classification system. The Authority's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Authority. The Authority's Medicare cost reports have been audited by the MAC through June 30, 2018. Revenue from the Medicare program accounted for approximately 26% and 25% of the Authority's net patient service revenue for the years ended June 30, 2023 and 2022, respectively.
- *Medicaid.* Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services rendered to the Medicaid program beneficiaries are generally paid based on a cost reimbursement methodology. The Authority is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicaid fiscal intermediary. Long-term care services rendered to Medicaid program beneficiaries are paid at a prospectively determined per diem rate. The per diem is determined by the facility's historical allowable operating costs adjusted for certain incentives and inflation factors. The Authority's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2019. Revenue from the Medicaid program accounted for approximately 63% and 62% of the Authority's net patient service revenue for the years ended June 30, 2023 and 2022, respectively.

The Authority also contracts with certain care management organizations (CMOs) to receive reimbursement for providing services to select enrolled Medicaid beneficiaries. Payment arrangements with these CMOs consist primarily of prospectively determined rates and discounts from established charges.

Continued

## HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

---

### 2. Net Patient Service Revenue, Continued

- *Medicaid, continued.* The Authority participates in the Georgia Indigent Care Trust Fund (ICTF) program. The Authority receives ICTF payments for treating a disproportionate number of Medicaid and uninsured patients. ICTF payments are based on the Authority's estimated uncompensated cost of services to Medicaid and uninsured patients. The net amount of ICTF payments recognized in net patient service revenues was approximately \$1,244,000 and \$287,000 during 2023 and 2022, respectively.

The Authority also participates in the Medicaid Upper Payment Limit (UPL) program. The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately \$10,796,000 and \$10,858,000 during 2023 and 2022, respectively.

Nursing homes that demonstrate improvement in at least one of four quality metrics are eligible for a Supplemental Quality Incentive (SQI) payment from Medicaid. Miller Nursing Home and Calhoun Nursing Home each demonstrated improvement in two of the four quality metrics and recognized SQI payments of approximately \$229,000 and \$506,000 in net patient service revenue during 2023 and 2022, respectively.

- *Uninsured and charity.* The Authority provides emergency and other medically necessary care regardless of a patient's ability to pay. The Authority has a Financial Assistance Plan (FAP) to assist those patients who cannot pay for all or part of their care. Based on the FAP, uninsured patients will not be charged more than the Amounts Generally Billed (AGB) to patients with insurance covering their care. AGB is calculated by reviewing claims that have been paid in full (including deductibles and coinsurance paid by the patient) for medically necessary care by Medicare and private health insurers during a 12-month look-back period. The Authority provides services without charge (full charity) or at amounts less than its established rates (partial charity) to patients that are approved for charity care under the FAP. Patient household income in relation to the federal poverty guidelines and certain special circumstances criteria are included in the determination of charity care qualification.
- *Other arrangements.* The Authority also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Authority under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Compliance with Medicare and Medicaid laws and regulations is subject to government review and interpretation. The Centers for Medicare and Medicaid Services (CMS) created the Recovery Audit Contractor (RAC) program and the Medicaid Integrity Contractor (MIC) program to perform audits of providers to identify overpayments and to ultimately decrease the payment of inappropriate Medicare and Medicaid claims. Noncompliance with Medicare and Medicaid laws and regulations can lead to fines, penalties and exclusion from the Medicare and Medicaid programs.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**3. Uncompensated Services**

The Authority was compensated for services at amounts less than its established rates (gross patient charges).

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Gross patient charges	\$ <u>98,428,000</u>	\$ <u>87,921,000</u>
Uncompensated services:		
Medicare	6,733,000	6,447,000
Medicaid	11,658,000	9,471,000
Medicaid UPL / ICTF / SQI	(12,269,000)	(11,651,000)
Blue Cross	202,000	969,000
Other insurance	3,562,000	3,455,000
Uninsured	3,384,000	3,528,000
Charity/indigent	370,000	654,000
Bad debts	<u>3,155,000</u>	<u>2,842,000</u>
Total uncompensated care	<u>16,795,000</u>	<u>15,715,000</u>
Net patient service revenue	\$ <u>81,633,000</u>	\$ <u>72,206,000</u>

**4. Deposits**

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. As of June 30, 2023 and 2022, the Authority's deposits were entirely insured or collateralized.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**5. Concentration of Credit Risk**

The Authority grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Medicare	45%	45%
Medicaid	31%	32%
Blue Cross	3%	10%
Other third-party payors	10%	5%
Patients	<u>11%</u>	<u>8%</u>
Total	<u>100%</u>	<u>100%</u>

**6. Accounts Receivable and Payable**

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Authority at June 30, 2023 and 2022 consisted of these amounts.

	<u>2023</u>	<u>2022</u>
Patient accounts receivable:		
Receivable from patients and their insurance carriers	\$ 2,628,000	\$ 2,891,000
Receivable from Medicare	3,341,000	3,510,000
Receivable from Medicaid	<u>2,289,000</u>	<u>2,548,000</u>
Total patient accounts receivable	8,258,000	8,949,000
Less allowance for uncollectible amounts	<u>882,000</u>	<u>1,105,000</u>
Patient accounts receivable, net	\$ <u>7,376,000</u>	\$ <u>7,844,000</u>
Accounts payable and accrued expenses:		
Payable to employees (including payroll taxes)	\$ 3,509,000	\$ 3,045,000
Payable to suppliers	<u>2,415,000</u>	<u>3,750,000</u>
Total accounts payable and accrued expenses	\$ <u>5,924,000</u>	\$ <u>6,795,000</u>

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**7. Capital Assets**

A schedule of changes in the Authority's capital assets for 2023 and 2022 follows:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>June 30, 2023</u>
Land	\$ 1,445,000	\$ 36,000	\$( 6,000)	\$ -	\$ 1,475,000
Construction-in-progress	2,899,000	10,175,000	-	(1,169,000)	11,905,000
Land improvements	802,000	-	-	-	802,000
Buildings	38,849,000	1,884,000	(133,000)	1,169,000	41,769,000
Equipment	15,601,000	2,866,000	-	-	18,467,000
Leased equipment	<u>1,371,000</u>	<u>-</u>	<u>(196,000)</u>	<u>-</u>	<u>1,175,000</u>
 Total capital assets at historical cost	 <u>60,967,000</u>	 <u>14,961,000</u>	 <u>(335,000)</u>	 <u>-</u>	 <u>75,593,000</u>
 Less accumulated depreciation for:					
Land improvements	( 465,000)	( 47,000)	-	-	( 512,000)
Buildings	(11,897,000)	( 1,780,000)	29,000	-	(13,648,000)
Equipment	( 9,675,000)	( 1,339,000)	-	-	(11,014,000)
Leased equipment	<u>( 443,000)</u>	<u>( 168,000)</u>	<u>127,000</u>	<u>-</u>	<u>( 484,000)</u>
 Total accumulated depreciation	 <u>(22,480,000)</u>	 <u>( 3,334,000)</u>	 <u>156,000</u>	 <u>-</u>	 <u>(25,658,000)</u>
 Capital assets, net	 <u>\$ 38,487,000</u>	 <u>\$ 11,627,000</u>	 <u>\$(179,000)</u>	 <u>\$ -</u>	 <u>\$ 49,935,000</u>

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**7. Capital Assets, Continued**

	Balance June 30, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Land	\$ 1,540,000	\$ 41,000	\$(136,000)	\$ -	\$ 1,445,000
Construction-in-progress	1,473,000	5,103,000	-	(3,677,000)	2,899,000
Land improvements	555,000	247,000	-	-	802,000
Buildings	35,532,000	-	( 82,000)	3,399,000	38,849,000
Equipment	13,450,000	1,873,000	-	278,000	15,601,000
Leased equipment	<u>1,362,000</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>1,371,000</u>
 Total capital assets at historical cost	 <u>53,912,000</u>	 <u>7,273,000</u>	 <u>(218,000)</u>	 <u>-</u>	 <u>60,967,000</u>
 Less accumulated depreciation for:					
Land improvements	( 419,000)	( 46,000)	-	-	( 465,000)
Buildings	(10,425,000)	(1,545,000)	73,000	-	(11,897,000)
Equipment	( 8,656,000)	(1,019,000)	-	-	( 9,675,000)
Leased equipment	<u>( 207,000)</u>	<u>( 236,000)</u>	<u>-</u>	<u>-</u>	<u>( 443,000)</u>
 Total accumulated depreciation	 <u>(19,707,000)</u>	 <u>(2,846,000)</u>	 <u>73,000</u>	 <u>-</u>	 <u>(22,480,000)</u>
 Capital assets, net	 <u>\$ 34,205,000</u>	 <u>\$ 4,427,000</u>	 <u>\$(145,000)</u>	 <u>\$ -</u>	 <u>\$ 38,487,000</u>

Contracts of approximately \$14,172,000 exist for the construction of a medical office, construction of a daycare center, and renovation and expansion of the hospital facility. At June 30, 2023, the remaining commitment on these contracts approximated \$2,571,000.

**8. Short-Term Debt**

The Authority has a line-of-credit agreement in the aggregate principal amount of \$3,000,000 with a financial institution. The line-of-credit bears interest at 3.00%, is used for operating purposes, and is secured by real estate. The line-of-credit was not renewed after it matured on February 1, 2022. No borrowings were made on the line-of-credit during 2022.

The Authority has a letter-of-credit agreement in the aggregate principal amount of \$70,000 with a financial institution. The letter-of-credit bears interest at 3.25%, has Georgia Power as the beneficiary, is unsecured, and matures in August 2022. The letter-of-credit was renewed in August 2022 with a maturity in August 2023. No borrowings were made on the letter-of-credit during 2023 or 2022.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**9. Long-Term Debt**

A schedule of changes in the Authority's long-term debt for 2023 and 2022 follows:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>	Amounts Due Within <u>One Year</u>
Direct borrowings:					
USDA	\$ 6,103,000	\$ -	\$(218,000)	\$ 5,885,000	\$ 225,000
Leases	936,000	-	(214,000)	722,000	164,000
Subscription-based IT	<u>276,000</u>	<u>-</u>	<u>( 51,000)</u>	<u>225,000</u>	<u>121,000</u>
Total	\$ <u>7,315,000</u>	\$ <u>-</u>	\$( <u>483,000</u> )	\$ <u>6,832,000</u>	\$ <u>510,000</u>
	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Amounts Due Within <u>One Year</u>
Direct borrowings:					
USDA	\$ 6,314,000	\$ -	\$(211,000)	\$ 6,103,000	\$ 218,000
Leases	1,152,000	-	(216,000)	936,000	214,000
Subscription-based IT	<u>327,000</u>	<u>-</u>	<u>( 51,000)</u>	<u>276,000</u>	<u>96,000</u>
Total	\$ <u>7,793,000</u>	\$ <u>-</u>	\$( <u>478,000</u> )	\$ <u>7,315,000</u>	\$ <u>528,000</u>

The terms and due dates of the Authority's long-term debt, including subscription-based information technology arrangements, at June 30, 2023 and 2022, follows:

- *United States Department of Agriculture (USDA): Refinance and Expansion Loan* - Note payable in an original amount of \$7,090,000, interest at 3.375%, payable in monthly installments of \$35,000, due June 2042, collateralized by revenues and property and equipment. The Authority must also make monthly payments of approximately \$4,000 to a reserve fund until a balance of approximately \$421,000 is accumulated in the reserve fund. The note payable contains a provision that in the event of default, outstanding amounts may become immediately due and payable.
- *First State Bank: Loan* - Note payable in the amount of \$115, interest at 4.00%, payable on demand, due September 2030, collateralized by real estate.
- *Leases* - Leases for equipment, terms vary by lease, each lease provides for a monthly lease payment. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**9. Long-Term Debt, Continued**

- *Subscription-based information technology arrangement* - Imputed interest at 0%, payable in annual installments of \$51,000 for certain subscriptions and monthly installments of \$2,000 for other subscriptions, secured by subscription assets with a cost of \$484,000 and accumulated amortization of \$201,000 and \$105,000 at June 30, 2023 and 2022, respectively.

Scheduled principal and interest repayments on long-term debt and leases and payments on subscription-based information technology arrangements are as follows:

<u>Year Ending June 30:</u>	<u>Long-Term Debt</u>		<u>Leases</u>		<u>Subscription-Based IT</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 225,000	\$ 196,000	\$ 164,000	\$ 21,000	\$ 121,000
2025	233,000	187,000	168,000	16,000	76,000
2026	241,000	179,000	159,000	10,000	25,000
2027	250,000	171,000	136,000	6,000	3,000
2028	258,000	163,000	91,000	-	-
2029-2033	1,430,000	675,000	4,000	-	-
2034-2038	1,692,000	412,000	-	-	-
2039-2042	<u>1,556,000</u>	<u>109,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>5,885,000</u>	\$ <u>2,092,000</u>	\$ <u>722,000</u>	\$ <u>53,000</u>	\$ <u>225,000</u>

**10. Insurance Arrangements**

*General and professional liability.* The Authority has claims-made insurance coverage for professional liability and occurrence insurance coverage for general liability. The insurance policies have limits of \$1,000,000 per claim/occurrence and \$3,000,000 annual aggregate. The Authority is self-insured to cover the deductible portion of its general and professional insurance policy. The Authority's deductible is \$25,000 for individual claims and \$100,000 annual aggregate.

*Self-insured health plan.* The Authority has a self-insured health plan for its employees. The Authority has purchased stop loss insurance to supplement the health plan, which will reimburse the Authority for individual claims in excess of \$70,000 annually. The Authority incurred expenses related to this plan of approximately \$5,279,000 and \$4,573,000 in 2023 and 2022, respectively. Estimated accruals for claims incurred but not reported have been recorded in accrued expenses on the balance sheet. Estimated accruals were approximately \$875,000 and \$498,000 at June 30, 2023 and 2022, respectively. Additionally, certain claims incurred during the year met the requirement to be reimbursed through the stop-loss policy. Amounts due under the policy were \$106,000 and \$206,000 at June 30, 2023 and 2022, respectively.

Continued

# HOSPITAL AUTHORITY OF MILLER COUNTY

## Notes To Financial Statements, Continued June 30, 2023 and 2022

---

### 11. Contingencies

*Litigation and regulatory investigations.* The Authority is subject to litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management believes no matters exist that would have a material adverse effect on the Authority's future financial position or results from operations.

*Healthcare reform.* There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare at the national and the state levels. Legislation has been passed that includes cost controls on healthcare providers, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of these provisions are and will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Authority.

*COVID-19.* As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The outbreak has put an unprecedented strain on the U.S. healthcare system, disrupted or delayed production and delivery of materials and products in the supply chain, and caused staffing shortages. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, remedial actions and stimulus measures adopted by local, state, and federal governments, and impact on the Authority's patients, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Authority's financial position or results of operations is uncertain. The federal Public Health Emergency for COVID-19 expired on May 11, 2023.

### 12. Retirement Plan

The Authority provides retirement benefits for its employees through the Miller County Hospital and Nursing Home 403(b) Plan (Plan), a defined contribution plan. Miller County Hospital and Nursing Home administers the Plan. Plan provisions and contribution requirements are established and may be amended by the Authority's Board of Trustees. Employees must work 20 or more hours per week to be eligible to participate in the Plan. Employees are eligible to participate in the elective deferral portion of the Plan on his/her first day of employment. Employees are eligible to participate in the matching contributions portion of the Plan upon attainment of age 21 and six months of service. Employees may make contributions (elective deferrals) to the Plan such that total contributions do not exceed the maximum annual amount as set periodically by the Internal Revenue Service. Employee contributions to the Plan were approximately \$2,127,000 and \$1,793,000 for the years ended June 30, 2023 and 2022, respectively. The Authority makes a matching contribution equal to 100% of the elective deferrals up to a maximum of 3% of the employee's compensation. The Authority's contributions to the Plan were approximately \$521,000 and \$627,000 for the years ended June 30, 2023 and 2022, respectively. Employees are vested in their contributions immediately and vested in the Authority's matching contributions based on a 6-year grade. Matching forfeitures are used to reduce matching contributions.

Continued

## HOSPITAL AUTHORITY OF MILLER COUNTY

### Notes To Financial Statements, Continued June 30, 2023 and 2022

---

#### **13. Rural Hospital Tax Credit Contributions**

The State of Georgia (State) passed legislation which will allow individuals or corporations to receive a State tax credit for making contributions to certain qualified rural hospital organizations during the calendar years 2017 through 2024. The Authority submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2017 through 2023. Contributions received under the program approximated \$291,000 and \$277,000 during fiscal years 2023 and 2022, respectively. The Authority will have to be approved by the State to participate in the program in each subsequent year.

#### **14. Management Agreements**

Effective August 1, 2018, the Authority entered into a Management Services Agreement with the Hospital Authority of Clinch County (Clinch). The Authority will provide Clinch with management services in the form of certain business, operational, quality, and other support. The term of the agreement is for two (2) years and shall automatically renew for one (1) year unless notice of termination is given. Notice of termination was given by Clinch and the agreement ended July 31, 2022. The Authority will receive an annual management fee of \$423,000. During 2022, the Authority waived two month's fees and also lowered the fee for five months. Clinch management fees were \$24,000 and \$295,000 during 2023 and 2022, respectively.

Effective February 26, 2020 the Authority entered into a Management Services Agreement with the Hospital Authority of Wilkes County (Wilkes). Due to the COVID-19 pandemic, the effective date was postponed to July 1, 2020. The Authority will provide Wilkes with management services in the form of certain business, operational, quality, and other support. The term of the agreement is for two (2) years and shall automatically renew for one (1) year unless notice of termination is given. The Authority and Wilkes mutually agreed to terminate the agreement on April 1, 2023. The Authority will receive an annual management fee of \$240,000. Wilkes management fees were \$180,000 and \$240,000 during 2023 and 2022, respectively.

#### **15. CARES and ARP Act Funding**

On March 27, 2020, the *Coronavirus, Aid, Relief, and Economic Security Act* was passed, on April 24, 2020, the *Paycheck Protection Program and Health Care Enhancement Act* was passed, and on March 11, 2021, the *American Rescue Plan Act of 2021* was passed (collectively, CARES and ARP Act). Certain provisions of the CARES and ARP Act provide relief funds to healthcare providers. The funding is to be used to support healthcare-related expenses or lost revenue attributable to COVID-19. The U.S. Department of Health and Human Services (HHS) began distributing funds in April 2020 to eligible providers in an effort to provide relief to both providers in areas heavily impacted by COVID-19 and those providers who are struggling to remain open. The Authority has received the following CARES and ARP Act funding:

- \$30 Billion Provider Relief Fund (PRF) General Distribution (1<sup>st</sup> round) - On April 10, 2020, HHS distributed \$30 billion to nearly 320,000 Medicare fee-for-service providers based on their portion of 2019 Medicare fee-for-service payments. The Authority received approximately \$835,000 in funding from this distribution.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

---

**15. CARES and ARP Act Funding, Continued**

- \$20 Billion PRF General Distribution (2<sup>nd</sup> round) - On April 24, 2020, HHS distributed \$20 billion to Medicare fee-for-service providers based on revenues from cost report data or revenue submissions. The Authority received approximately \$287,000 in funding from this distribution.
- \$10 Billion PRF Rural Distribution - On May 6, 2020, HHS distributed \$10 billion to almost 4,000 rural health care providers including hospitals, health clinics, and health centers. The Authority received approximately \$4,059,000 in funding from this distribution.
- \$4.9 Billion PRF Distribution for Skilled Nursing Facilities (SNFs) - On May 22, 2020, HHS distributed \$4.9 billion to over 13,000 certified SNFs based on a fixed payment of \$50,000 plus \$2,500 per certified bed. The Authority received approximately \$568,000 in funding from this distribution.
- \$225 Million for Rural Health Clinic COVID-19 Testing (RHCCT) - On May 20, 2020, HHS distributed \$225 million to over 4,500 rural health clinics (RHCs) based on a fixed payment of approximately \$49,500 per RHC. The Authority received approximately \$99,000 in funding from this distribution.
- \$4.9 Million Small Rural Hospital Improvement Program (SHIP) Grant - On April 22, 2020, HHS appropriated approximately \$4.9 million to the State of Georgia, Department of Community Health, State Office of Rural Health (SORH) to disburse to 58 rural hospitals in Georgia for the purpose of preventing, preparing for, and responding to COVID-19. The Authority received approximately \$84,000 in funding from this distribution.
- \$1.2 Million Supplemental Grant - On May 13, 2020, HHS appropriated approximately \$1.2 million to the SORH to disburse to 88 RHCs in Georgia for the purpose of supporting healthcare-related expenses or lost revenue attributed to COVID-19. The Authority received approximately \$35,000 in funding from this distribution.
- \$4.9 Million Georgia Hospital Association Research and Education Foundation, Inc. (GHAREF) Grant - The Assistant Secretary of Preparedness and Response (ASPR) of HHS allocated approximately \$350 million to state hospital associations and other entities to disburse to health care providers on the front lines of the COVID-19 pandemic. GHAREF received approximately \$4.9 million to disburse to hospitals in Georgia. The Authority received approximately \$14,000 in funding from this distribution.
- \$2.5 Billion PRF Nursing Home Distribution - On August 27, 2020, HHS distributed \$2.5 billion to nursing homes based on a fixed payment of \$10,000 plus \$1,450 per certified bed. The Authority received approximately \$291,000 in funding from this distribution.

Continued

## HOSPITAL AUTHORITY OF MILLER COUNTY

### Notes To Financial Statements, Continued June 30, 2023 and 2022

---

#### 15. CARES and ARP Act Funding, Continued

- \$2.25 Billion PRF Allocation to Nursing Homes for the Quality Incentive Payment (QIP) Program - HHS allocated \$2.25 billion to NHs that pass two initial gateway qualification tests on both their rate of infection and rate of mortality. Payments were made monthly in October 2020 through January 2021 based on the previous month's performance with an additional payment made in February 2021 based on the aggregate performance period. The Authority received approximately \$71,000 in funding from this allocation.
- \$460 Million for Rural Health Clinic COVID-19 Testing and Mitigation (RHCCTM) - On June 10, 2021, HHS allocated \$460 Million to support all RHCs. RHCs will receive a one-time allocation of up to \$100,000 per clinic site. The Authority received approximately \$200,000 in funding from this distribution.
- \$150 Billion Coronavirus Relief Fund (CRF) - HHS distributed \$150 billion to state, local, and tribal governments through the CRF. The State of Georgia received \$3.5 billion in CRF funds. The State of Georgia allocated \$77.8 million of the CRF funds to nursing homes. The Authority must submit expenses for reimbursement to the State of Georgia to receive the funds. The Authority received reimbursement of \$346,000.
- \$5 Million Rural Hospital Stabilization Operational Support Grant - The State of Georgia appropriated \$5,000,000 for rural hospital stabilization grants and for additional emergency preparedness expenses. The grant was distributed based on data collected specific to COVID-19 inpatient admissions. The Authority received approximately \$6,000 in funding from this grant.
- \$8.5 Billion ARP Rural Payments - In November 2021, HHS distributed \$8.5 billion to 43,842 rural healthcare providers. The Authority received \$1,120,000 in funding from this distribution.
- \$17 Billion PRF Phase 4 General Distribution - In December 2021, HHS distributed phase 4 of the Provider Relief Funds. The Authority received \$152,000 in funding from this distribution.
- \$398 Million ARP SHIP COVID-19 Testing and Mitigation Initiative Grant - In July 2021, HHS appropriated \$398 million to state governments to distribute to rural hospitals. The State of Georgia Department of Community Health, State Office of Rural Health received \$13,436,000 to distribute to 52 rural hospitals. The Authority received \$258,000 in funding from this distribution.
- \$350 Billion APR State Fiscal Recovery Fund (SFRF) - HHS distributed \$350 billion to state, local, and tribal governments to support their response to and recovery from the COVID-19 public health emergency. The State of Georgia was allocated \$4.8 billion. The State of Georgia then allocated \$165,000 to each nursing home in the state. The Authority received \$330,000 in funding from this distribution. The State of Georgia also allocated \$1,045,000 to certain hospitals in the state. The Authority recognized \$1,045,000 in funding from this distribution.

Continued

HOSPITAL AUTHORITY OF MILLER COUNTY

Notes To Financial Statements, Continued  
June 30, 2023 and 2022

**15. CARES and ARP Act Funding, Continued**

The CARES and ARP Act also did the following:

- Sequestration - Suspended the Medicare sequestration payment adjustment, which reduces payments to providers by 2%, for the period May 1, 2020 through December 31, 2020, and extended to March 31, 2022 with subsequent legislation. Beginning April 1, 2022, the suspension is phased out through June 30, 2022.

CARES and ARP Act funding is reported as unearned revenue until all eligibility requirements are met. Recognized revenue is reported as nonoperating revenues in the statements of revenues, expenses and changes in net position. The CARES and ARP Act funding may be subject to audits. While the Authority currently believes its use of the funds is in compliance with the applicable terms and conditions, there is a possibility payments could be recouped based on changes in reporting requirements or audit results.

Below is a schedule of CARES and ARP Act funds recognized as revenue by year.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PRF:				
General round 1	\$ -	\$ -	\$ 435,000	\$ 400,000
General round 2	-	-	151,000	136,000
Rural	-	-	2,409,000	1,650,000
SNFs	-	-	-	568,000
Nursing Homes	-	-	291,000	-
QIP	-	-	71,000	-
Phase 4	-	152,000	-	-
ARP:				
Rural	-	1,120,000	-	-
SFRF-Nursing Home	330,000	-	-	-
SFRF-Hospital	1,045,000	-	-	-
SHIP	-	258,000	-	-
RHCCT	-	-	99,000	-
RHCCTM	-	-	200,000	-
CRF	-	-	346,000	-
SHIP	-	-	-	84,000
GHAREF	-	-	9,000	5,000
Supplemental	-	-	35,000	-
GA Stabilization	-	-	6,000	-
	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total	<u>\$ 1,375,000</u>	<u>\$ 1,530,000</u>	<u>\$ 4,052,000</u>	<u>\$ 2,843,000</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

---



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees  
Hospital Authority of Miller County  
Colquitt, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hospital Authority of Miller County (Authority) which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Continued

Let's Think Together.®

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Draffin & Tucker, LLP*

Atlanta, Georgia  
October 31, 2023